



ORIGINAL

EX PARTE

September 24, 1998



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Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW - Room 222
Washington, DC 20554

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SEP 24 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: Ex Parte Notice
CC Docket No. 96-45

Dear Ms. Salas:

On September 23, Deb Kriete of the Schools and Libraries Corporation, Mary Henze representing BellSouth, BB Nugent representing U S WEST, Marv Bailey representing Ameritech, Jim Lambertson representing Bell Atlantic and John Hunter representing the United States Telephone Association (USTA), met with Jim Schlichting, Lisa Gelb, Lisa Zaina, Amy Nathan, Melissa Newman and Pam Gerr of the Commission's Common Carrier Bureau.

The purpose of the meeting was to discuss implementation of the universal service program for schools and libraries. The attached item was part of the discussion and was distributed at the meeting.

An original and one copy of this ex parte notice are being filed in the Office of the Secretary on September 24. Please include it in the public record of the above-referenced proceedings.

Respectfully submitted,


John W. Hunter
Senior Counsel

Attachment

cc w/o att: J. Schlichting
L. Gelb
L. Zaina
A. Nathan
M. Newman

D. Kriete
M. Henze
B. Nugent
M. Bailey
J. Lambertson

P. Ger **No. of Copies rec'd**
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School and Libraries Implementation

Introduction

- Schools and libraries are important LEC customers
- LECs have been helping SLC with implementation to ensure we can deliver Universal Service benefits to our customers

Current Status

- Concerned that SLC implementation delays could prevent vendors from meeting customer expectations
 - slow start-up at SLC has made it difficult for vendors to design & build systems and procedures
 - many SLC forms and procedures just now being finalized
 - FCC/SLC forms do not match vendor relationships with customers and customer records
- For example,
 - Vendors have developed systems/procedures to extent information is available but modifications will be necessary when SLC procedures are finalized
 - FCC Form 471 and funding commitments based on "Funding Request Number" (FRN) which has no relation to vendor account numbers. Time consuming process to match FRN with actual bill
 - SLC processing delays have impact on hiring and training of necessary personnel
- Therefore, MUCH vendor process work remains to be done before discounts can appear on bills

Impact on Vendors

- Most large LECs estimate that to initiate discounts this program year they:
 - must secure or hire, and train 40 to 90 service reps each
 - will need four to six months to complete work necessary to show discounts on bills
 - will spend \$8 to \$12 million each
- Many other vendors are just now becoming fully aware of responsibilities and procedures of program and may experience similar difficulties

Primary Concerns

- Under current procedures, many vendors will not be able to show discounts for '98-'99 program year on customer bills until late Spring 1999
- Schools and libraries, our customers, may continue to be frustrated with program
- Unless targeted procedural changes are made, same difficulties and delays could occur in next program year

Joint Proposed Solution

First Program Year - 1998

- To expedite delivery of benefits to schools and libraries in first program year, LECs and SLC propose that all 1998 discounts be handled via retroactive reimbursement procedure
- Schools and Libraries (w/assistance from their vendors) will prepare and submit two Billed Entity Applicant Reimbursement (BEAR) forms
 1. For discounts on payments already made from January through September 1998.
 2. For discounts on payments made from October through December 1998.
- BEAR forms processed by SLC with a goal of within 20 days of receipt
- Vendors provide schools and libraries credit/cash for discounts before processing reimbursement from SLC
- Some schools and libraries would begin receiving first Universal Service benefits in December 1998

First Program Year – January to June 1999

- Vendors begin responsibility for discounts in January 1999
- Discount tracking and bill set-up during January, February and March
- Retroactive credit for 1Q99 and prospective discounts will be displayed no later than April bill
- Customers will be responsible for paying full bill until prospective discount billing begins (unless mutually agreeable alternative arrangement has been worked out.)

Changes are necessary to improve process

For next program year (Jul 99 to Jun 00):

- Supplemental cost allocation grid must be required
 - provides **critical** information for SLC program integrity and vendor billing
- Read-only vendor access to SLC funding request database
 - necessary to prepare billing for 7/1/99 start

For subsequent years:

- Forms 470 and 471 need to be modified
- Joint, cooperative process should be launched immediately